

1992
QUARTERLY
REPORT

Period Ending
March 31, 1992

1

USMX

DEAR STOCKHOLDER:

USMX continues on its steady course of growth and base building. Operations at Alligator Ridge in Nevada remain on schedule, and it is estimated that gold production in this area should exceed 50,000 ounces in 1992. Evaluation of the Vantage Basin and Horseshoe/Galaxy Prospects continued, and completion of feasibility studies for these areas is expected soon which will allow us to initiate permitting for anticipated production, if warranted.

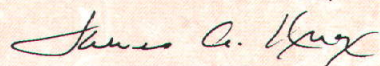
Exploration and evaluation efforts are actively being pursued throughout western North America and Latin America. USMX has recently acquired its first property in Mexico, and negotiations are in progress with respect to several additional interesting situations in both the United States and Mexico.

It is management's intent to continue to improve upon our present production base and to maintain our current financial stability while we endeavor to identify several exceptional opportunities that will enable USMX to establish itself as a significant presence in the mining industry. These will, in general, involve fairly substantial deposits, probably gold, with above average grade, so that they will provide an attractive profit margin that will be less

price sensitive than many of the lower grade deposits presently being mined by most companies. Opportunities involving commodities other than gold are being considered if they make sound, economic sense. Situations located outside of the continental United States are also being evaluated if they occur in politically and economically acceptable areas. These approaches are deemed necessary, not only due to gold price concerns, but also in view of the fact that we may soon see drastic changes in the United States mining law and mining climate, and also because establishing a broader and more diversified base makes good business sense in this ever changing world, and rapidly shifting metal prices, laws and environmental constraints.

Excellent opportunities exist for a company of our magnitude and operational expertise, and with our sound financial condition. USMX, with its solid management capability, stability, significant growth potential, and its willingness to take calculated and justified risks when required, should be able to move itself forward and increase its value substantially over the next several years.

Sincerely,



James A. Knox
President & CEO June, 1992

FINANCIAL RESULTS

USMX, INC. remains in strong financial condition with working capital at March 31, 1992 of \$10,273,000 or \$0.69 per share and stockholders' equity of \$19,940,000 or \$1.33 per share. The current ratio (the relationship of current assets to current liabilities) stands at 5.3 to 1. Cash and cash equivalents decreased during the first quarter of 1992 by \$3,238,000 reflecting internally financed net additions to property, plant and equipment of \$1,969,000 and net cash used in operating activities of \$1,269,000.

Cash used in operations is the result of the build up of stockpile and work in process inventories at Yankee as the mine progresses from the start up phase to the production phase, and the interruption of gold production due to the modernization of the Alligator Ridge refinery, successfully completed near the end of the first quarter. Positive cash flows from operating activities are anticipated for the remainder of the year as the Yankee mine begins producing gold and production from the Alligator Ridge refinery resumes.

For the quarter ended March 31, 1992, USMX reported a net loss of \$146,000 or \$0.01 per share compared to net income of \$338,000 or \$0.02 per share for the comparable quarter of 1991. Quarterly gold sales revenues were \$2.72 million this year compared to \$3.57 million for the same period last year. The lower revenue figure is attributable to a lower average sales price (\$365 per ounce in 1992 versus \$385 per ounce in 1991) and fewer ounces sold (7,447 ounces in 1992 versus 9,273 ounces in 1991) as a result of delays due to the modernization of the Alligator Ridge processing plant. The average London spot price for gold during the first quarter of 1992 was \$350 per ounce. Also contributing to the operating results for the first quarter was an

increase in the average cost of sales to \$312 per ounce for the first quarter of 1992 (of which the cash component was \$260) from \$285 per ounce for the same quarter last year.

OPERATIONS— DEVELOPMENT

Favorable weather conditions during the first quarter benefited all Nevada based operations and, for the first time in its history, the Alligator Ridge Mine leaching operations located in White Pine County continued without interruption throughout the winter. Gold produced in the form of dore bullion was below budget due to construction related delays at the ARM refinery. However, gold recovered from the heaps was on schedule.

Most production came from the Casino/Winrock Mine, which contributed about 5,000 ounces. By year end it is anticipated that Casino/Winrock will produce approximately 23,000 ounces of gold, nearly half of the total USMX production projected for 1992.

As previously mentioned, a construction project was undertaken to modernize the ARM refinery. The work completed during the quarter will allow for stripping of carbon and subsequent dore production at ARM from all properties in the Alligator Ridge area. Additionally, the program of drilling and blasting heaps at ARM was accelerated, which should set the stage for enhanced re-leaching operations at ARM throughout the year.

Mining and construction of process facilities continued at Yankee, and shakedown of the crushing plant progressed favorably. Completion of sufficient heap leach pad capacity to accommodate the entire 2 million ton reserve is scheduled for April, with the first gold production from Yankee anticipated in June, 1992.

Evaluation of reserves in the Vantage Basin and Horseshoe/Galaxy areas continued, with the completion of in-house feasibility studies for both projects scheduled for the third quarter of 1992.

EXPLORATION

Last year was a period of remarkable improvement in USMX's gold reserves and resources. In January USMX announced an updated reserve and resource totaling 683,000 ounces of contained gold. The Alligator Ridge properties located in White Pine County, Nevada, contain most of this reserve. This represents an increase of 62 percent during the second half of 1991. During that same six month period, the Company's proven mineable reserves increased from 121,000 to nearly 222,000 contained ounces of gold.

During the first quarter of 1992 our exploration efforts in the Alligator Ridge area were focused on development drilling on the Horseshoe, Galaxy and Poker Flats deposits as well as exploration drilling proximal to these deposits. This effort has helped generate the data necessary to complete the engineering of the Horseshoe and Galaxy deposits so that they can be permitted for future production, if justified. The Poker Flats deposit, in the South Casino project area, continues to grow and will require additional drilling before a new reserve estimate can be completed.

Development drilling also commenced in the Vantage Basin area around the previously mined pits to develop reserves that were identified by a detailed study completed late in 1991. The first phase of drilling was recently finished, and an engineering analysis of the data is progressing.

Efforts this year on the Alligator Ridge properties should result in a significant refinement of our reserves by year end, i.e., upgrading of probable and inferred reserves to the proven category.

Our exploration and evaluation efforts have increased significantly in other portions of the western United States and Latin America. The first USMX acquisition in Latin American, the Nocha Buena gold property located in the State of Sonora, Mexico, was acquired by staking a 1,000 hectare (2471 acre) concession at minimal cost to the Company. This concession is held by MXUS S.A. de C.V., USMX's wholly owned Mexican subsidiary. Recently completed sampling and geological mapping of the property are quite encouraging. Drilling is anticipated during the second half of 1992.

Acquisition efforts have also commenced with respect to two other properties in Mexico, one being a leachable copper target and the other a large porphyry copper-gold situation. If negotiations are favorably consummated, geological mapping and sampling will proceed immediately, with drilling possible yet this year.

In the western United States, negotiations are proceeding favorably on several exploration and advanced-stage properties. All the targets involve open pit, leachable gold targets and could impact USMX's reserve base by year end.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)	March 31, 1992 (Unaudited)	Dec. 31, 1991
ASSETS		
Cash and equivalents	\$ 2,285	\$ 5,523
Other current assets	10,353	8,594
Property, plant & equipment - net	12,638	11,690
Other assets	402	388
	\$ 25,678	\$ 26,195
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ 2,365	\$ 2,710
Long-term liabilities	1,623	1,680
Common stock subject to potential put	1,750	1,750
Stockholders' equity		
Common stock	15	15
Additional paid-in capital	15,760	15,729
Retained earnings	4,165	4,311
	\$ 25,678	\$ 26,195

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(Amounts in Thousands, Except Per Share Amounts)		
	Three Months Ended March 31, 1992	1991
Sales	\$ 2,716	\$ 3,566
Cost of sales	2,323	2,640
Gross profit	393	926
Operating expenses	899	775
Income (loss) from operations	(506)	151
Other income	304	253
Income (loss) before income taxes	(202)	404
Income tax provision (benefit)	(56)	101
Income (loss) before extraordinary item	(146)	303
Extraordinary item	0	35
Net income (loss)	\$ (146)	\$ 338
Net income (loss) per share:	\$ (0.01)	\$ 0.024
Weighted average shares outstanding	14,954	13,906

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Amounts in Thousands)	Three Months Ended March 31, 1992	1991
Net cash used in operations	\$ (1,269)	\$ (339)
Net cash provided by (used in) investing activities:		
Capital additions and property acquisitions	(1,985)	(522)
Other	16	(17)
	(1,969)	(539)
Net cash provided by (used in) financing activities	0	0
Net increase (decrease) in cash and equivalents	\$ (3,238)	\$ (878)

	Three Months Ended March 31, 1992	1991
Supplemental Disclosure of Cash Flows Information		
Cash paid during the period for:		
Interest	\$ 0	\$ 0
Income taxes	\$ 340	\$ 404

USMX

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